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S E C R E T SECTION 1 OF 2 BUENOS AIRES 3052

E.O. 11652: GDS-2
TAGS: PINS SHUM ELAB AR
SUBJECT: GRAIVER/TIMERMAN INVESTIGATION AND RELATED

REVIEW AUTHORITY: Richard Zorn, Senior Reviewer

REF: BUENOS AIRES 2948

1. WHILE A MORE CONCLUSIVE JUDGMENT MUST AWAIT A DETAILED REVELATION OF WHAT EVIDENCE THE GOA HAS DEVELOPED IN THE GRAIVER CASE, WE FIND IT SIGNIFICANT THAT INQUIRIES BY THE EMBASSY LEGATT INVARIABLY HAVE ELICITED RESPONSES FROM USUAL SOURCES IN ARMY INTELLIGENCE (601ST ARMY INTELLIGENCE BATTALION SIE), BUENOS AIRES PROVINCIAL POLICE AND FEDERAL POLICE THAT THEY HAVE UNCOVERED NO RPT NO INFORMATION TO SUPPORT THESIS THAT THE MONTONEROS "LAUNDERED" THEIR FUNDS THROUGH GRAIVER FINANCIAL INSTITUTIONS OR HAD ANY
OTHER FINANCIAL LINKS TO GRAIVER.

2. LA RAZON OF APR 18 REPORTED THE INVESTIGATION HAD REVEALED THAT, IN ORDER TO REINFORCE THEIR ATTEMPT TO ENSURE THAT DAVID GRAIVER WOULD DO THEIR BIDDING, THE MONTONEROS KIDNAPPED HIS BROTHER ISIDORO (FOR RANSOM) ON ONE OCCASION AND ATTEMPTED TO ROB GRAIVER'S BANCO COMERCIAL DE LA PLATA ON ANOTHER OACCORDI, TO LEGATT'S INFORMATION, THE KIDNAPPING REPORT IS PROBABLY A REFERENCE TO A SUCCESSFUL EXTORITION PERPETRATED IN 1972 NOT BY MONTONEROS BUT BY BUENOS AIRES PROVINCIAL POLICEMEN WHO
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POSING AS MONTONEROS AND WITH THE APPROVAL OF THE GOVERNOR AT THE TIME, OBTAINED $800,000 IN EXCHANGE FORFREEZINGISIDORO.

3. CLARIN OF APR 18 REPORTED THE ASSERTION APPEARING A DAY EARLIER IN "LA NUEVA PROVINCIA" OF BAHIA BLANCA THAT, FOLLOWING PAYMENT BY THE BORN FAMILY (OF THE BUNGE AND BORN COMBINE) INTO A SWISS BANK ACCOUNT FOR THE RANSOM OF JUAN AND JORGE BORN IN SEPTEMBER 1974, FORMER PERONIST ECONOMY MINISTER JOSE BRON IN SEPTEMBER 1974, FORMER PERONIST ECONOMY MINISTER JOSE BER GELBARD AND DAVID GRAIVER MET WITH MONTONERO LEADER ROBERTO QUIETO IN BUENOS AIRES AND ALLEGEDLY PUT THE FINAL TOUCHES TO A FINANCIAL COMMITMENT BETWEEN THE MONTONEROS AND "THE GELBARD-GRAIVER GROUP." WE UNDERSTAND, HOWEVER, THAT THE BULK OF THE $30-60 MILLION RANSOM REPORTEDLY PAID FOR THE BORN BROTHERS WAS EFFECTED BY BANK TRANSFERS IN EUROPE AND DID NOT HAVE TO BE "LAUNDERED" OUT OF ARGENTINA THROUGH AN ARGENTINE BANK. MOREOVER, ROBETO ROBERTO QUIETO IN BUENOS AIRES AND ALLEGEDLY PUT THE FINAL TOUCHES TO A FINANCIAL COMMITMENT BETWEEN THE MONTONEROS AND "THE GELBARD-

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GRAIVER GROUP." WE UNDERSTAND, HOWEVER, THAT THE BULK OF THE $30-60 MILLION RANSOM REPORTEDLY PAID FOR THE BORN BROTHERS WAS EFFECTED BY BANK TRANSFERS IN EUROPE AND ID NOT HAVE TO BE "LAUNDERED" OUT OF ARGENTINA THROUGH AN ARGENTINE BANK. MOREOVER, ROBERTO QUIETO, WHO HAS BEEN COOPERATING FULLY WITH ARGENTINE AUTHORITIES SINCE HIS DETENTION IN DECEMBER 1975, TOLD HIS CAPTORS THAT THE MONTONEROS MAINTAINED S SWISS BANK ACCOUNT CONTAINING $150 MILLION, WITH ANOTHER $50 MILLION DISTRIBUTED THROGHOUT ARGENTINA. AT NO TIME HAS QUIETO, WHOSE LIFE HAS BEEN SPARED BECAUSE OF HIS COOPERATION, STATED THAT ANY OF THIS MONEY WAS "LAUNDERED" THROUGH GRAIVER BANKS.

4. [redacted] INFORMATION [redacted] (WARNING NOTICE - SENSITIVE INTELLIGENCE SOURCES AND METHODS INVOLVED))) CONCERNING THE ARGENTINE INTELLIGENCE SERVICES' SPECTACULAR COUP IN FEBRUARY-MARCH 1977 IN WHICH THEY RECOVERED MONTONERO FINANCAIL RESERVES ON THE ORDER OF $85 MILLION, INCLUDING $64 MILLION PLUS WHICH WAS DEPOSITED IN TWO EUROPEAN BANKS (ONE IN AMDRID 25X1

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AND THE OTHER INGENEVA) AND $21 MILLION HIDDEN IN SAFEHOUSES IN CORDOBA AND MENDOZA, ARGENTINA. THESE FUNDS CONSTITUTED THE MONTONEROS' PRINCIPAL FIANANCIAL RESERVE, BUT NONE OF IT EVIDENTLY HAD BEEN "LAUNDERED" THROUGH GRAIVER BANKS. RENE HAIDAR, THE CAPTURED MONTONERO FIANCIAL AGENT WHO REPORTEDLY LED THE INTELLIGENCE AGENTS TO THESE DEPOSITS, STATED THAT MOST OF THE MONTONERO OPERATIONS HAD BEEN FINANCED BY INTEREST EARNED ON THE TWOEUROPEAN ACCOUNTS. (ACCORDING TO INFORMATION PURPORTEDLY LEAKED TO THE LOCAL PRESS IN RECENT WEEKS FROM A 346-PAGE BUENOS AIRES PROVINCIAL POLICE REPORT, THE MONTONEROS ENTRUSTED DAVID GRAIVER WITH SOMEWHERE BETWEEN $12 AND $25 MILLION, WITH WHICH CAPITAL HE ALLEGEDLY FOUNDED HIS BANKS IN THE UNITED STATES AND IN BRUSSELS. IN RETURN, GRAIVER ALLEGEDLY AGREED TO PAY THE MONTONEROS OVER $130,000 MONTHLY IN INTEREST.) HOWEVER, THE BUENOS AIRES PROVINCIAL POLICE, WHICH HAD THE INITIAL RESPONSIBILITY FOR INVESTIGATING GRAIVER'S FINANCIAL MANIPULATIONS FOLLOWING HIS DEATH IN AN AIR CRASH IN AUGUST 1976, TOLD LEGATT THAT THEIR BANK SQUAD HAD UNCOVERED NO EVIDENCE OF ANY FINANCIAL DEALINGS BETWEEN GRAIVER AND THE MONTONEROS.

5. AS FOR LA OPINION PUBLISHER JACOBO TIMERMAN'S CONNECTIONS TO DAVID GRAIVER, THE LOCAL PRESS AND UNSIGNED PAMPHLETS CIRCULATING HBERE IN RECENT WEEKS HAVE MADE THE ASSERTION THAT GRAIVER HAD CONTROLLING INTEREST IN LA OPINION ENTERPRISES-- THE IMPLICA- TION BEING THAT THE NEWSPAPER WAS CONTROLLED BY THE MONTONEROS' FINANCIAL AGENTS. ACTUALLY, THERE ARE TWO COMPANIES INVOLVED IN LA OPINION: GUSTAVO S.R.L. OWNS THE PRINT SHOP AND OLTA S.A. HAS TITLE TO THE NEWSPAPER. ACCORDING TO ONE VERSION, EX-PRESIDENT LANUSEE HAS A PART INTEREST IN THESE ENTERPRISES AND THE MISSING EDGARDO SAJON, MANAGER OF THE PRINT SHOP, REPRE- SENTED LANUSSE IN THE VENTURE (THUS ALLEGEDLY IMPLICATING LANUSSE WITH GRAIVER AS WELL). ON APRIL 19 EDITORIAL OLTA S.A.C.I. ISSUED A NOTICE, SIGNED BY ITS VICE PRESIDENT, HECTOR TIMERMAN (JACOBO'S SON), STATING THAT FROM ITS INCEPTION AN ABSOLUTE MAJORITY OF ALTA'S SHARES HAVE BEEN OWNED BY ITS FOUNDERS WHO HAVE THE POWER OF DECISION IN THE ENTERPRISES,

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AND THAT THE "GRAIVER GROUP" HAS NEVER HAD ANY SHARES IN THE ENTERPRISE, FORMED PART OF THE BOARD, NOR PARTICIPATED IN THE OWNERSHIP IN ANY WAY. THE NOTE MADE NO MENTION OF GUSTAVO S.R. L. HOWEVER, LEGATT'S INFORMATION IS THAT WHILE GRAIVER'S BANCO DE LA PLATA GUARANTEED A LOAN TO THE PRINT SHOP, THE LOAN WAS FROM ANOTHER UNIDENTIFIED SOURCE.

CAUTION: THIS MESSAGE APPEARS TO CONTAIN SENSTIVE INTELLIGENCE INFORMATION.

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6. ON APRIL 22 JACOBO TIMERMAN'S NAME APPEARED ON A LIST RELEASED BY THE INTERIOR MINISTRY OF 105 PERSONS WHO HAVE BEEN ARRESTED SINCE APRIL 6 AND ARE BEING HELD AT THE DISPOSITION OF THE OF THE PEN (EXECUTIVE POWER). TIMERMAN WAS THE ONLY PERSON ON THE LIST WHOSE ARREST WAS ATTRIBUTED TO "ECONOMIC CRIMES" ALONE. EIGHTY-NINE PERSONS ON THE LIST ARE ACCUSED OF "ECON-OMIC CRIMES IN CONNIVANCE WITH SUBVERSION," AND 15 ARE CHARGED SIMPLY WITH "SUBVERSION." PREVIOUSLY, THE ARMY'S I CORPS, IN ANSWERING A HABEAS CORPUS REQUEST, HAD STATED THAT TIMERMAN WAS BEING HELD UNDER LAW 21,460, WHICH IS THE NATIONAL SECURITY LAW PERTAINING TO SUBVERSIVE CRIMES. THE CHANGE IN THE LEGAL JUSTIFICATION FOR HOLDING TIMERMAN SUGGESTS THAT THE ARMY IS UNABLE TO MAKE THE CHARGE OF SUBVERSION STICK AND MAY BE FALL-ING BACK TO THE LESS SERIOUS ACCUSATION CIRCULATING AGAINST TIMERMAN IN RECENT WEEKS THAT HE, LIKE HUNDREDS OR PROBABLY THOUSANDS OF HIS COUNTRYMEN, HAS ILLEGAL DOLLAR ACCOUNTS ABROAD. THE PARTICULAR CHARGE AGAINST TIMERMAN SEEMS TO BE THAT HE, ALONG WITH OTHER PROMINENT ARGENTINE NEWS, TRADE UNION LEADERS, PERONISTS AND OTHERS, INCLUDING COMMENTATOR BERNARDO NEUSTADT, EDGARDO SAJON, EXCGT LEADER CASILDO HERRERAS AND EXPROVISIONAL PRESIDENT OF THE SENATE ITALO LUDER, GOT THEIR MONEY OUT THROUGH THE GRAIVER BANKS. MILITARY AUTHORITIES MAY ARGUE THAT IT WAS LEGITIMATE TO HAUL IN TIMERMAN IN ORDER TO CHECK OUT FURTHER HIS CONNECTIONS WITH GRAIVER AND, PRESUMABLY HAVING FAILED TO PROVE ANY SUBVERSIVE LINK, TO CONTINUE HOLDING HIM ON THE BASIS
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OF NEW REVELATIONS CONCERNING "ECONOMIC CRIMES," HOWEVER, THIS PROCEDURE SMACKS OF ARBITRARINESS AND RAISES OUR

SUSPICIONS REGARDING THE MOTIVES INVOLVED. PARTICULARLY IF OUR INFORMATION IS CORRECT CONCERNING THE ABSENCE OF ANY FINANCIAL LINKS BETWEEN GRAIVER AND THE MONTONEROS, THE VIEW ABROAD OF TIMERMAN AS THE MARTYRED VICTIM OF AN ATTEMPT TO DISCREDIT HIM AND HIS NEWSPAPER BY HYSTERIA-POSSESSED HARDLINE ANTISEMITIC AND ANTIPERONIST ELEMENTS IN THE ARMY AND PROVINCIAL POLICE, UNDOUBYEDLY WILL BE STRENGTHENED.

7. THE APRIL 24 ISSUE OF LA NUEVA PROVINCIA CHARGED THAT THE PRINCIPAL INVESTORS IN GRAIVER'S LA PLATA BANK WERE FORMER PRESIDENT JUAN PERON, HIS WIFE ISABEL, HERRERAS, AUTOMOBILE UNION (SMATA) LEADER JOSE RODRIGUEZ, SAJON, EXPRESIDENT LANUSSE'S TWO SONS AND OTHERS. THE ARGENTINE GOVERNMENT RECENTLY ASKED INTERPOL TO LOCATE AND ARREST HERRERAS FOR ALLEGEDLY DEFRAUDING THE CGT OF LARGE AMOUNTS OF TRAVEL AND OTHER OFFICIAL MONIES. IN A RELATED DEVELOPMENT, SIX PERSONS IMPLICATED IN THE GRAIVER CASE AND WHO RECENTLY WERE INCLUDED IN THE ACT OF INSTITUTIONAL RESPONSIBILITY HAVE HAD THEIR BANK ACCOUNTS FROZEN BY THE CENTRAL BANK.

8. LA OPINION'S SUBDIRECTOR ENRIQUE JARA WAS RELEASED APR 23 WITHOUT CHARGES.

9. NOTWITHSTANDING THE PROMISES TO CARRY OUT THE CURRENT INVESTIGATION "TO ITS ULTIMATE CONSEQUENCES," IT HAS BEEN REPORTED THAT THE ARMY HAS REJECTED GENERAL VILAS' REQUEST TO CONVENE A SPEICAL MILITARY COURT OF HONOR TO REVIEW EX-PRESIDENT LANUSSE'S STATEMENTS IN CONNECTION WITH THE DISAPPEARANCE OF HIS FORMER CIVILIAN AIDE EDGARDO SAJON. ACCORDING TO OUR INFORMATION, LANUSSE QUIETLY LET IT BE KNOWN TO PRESIDENT VIDELA THAT IF HE WERE MADE TO STAND TRIAL HE WOULD BE COMPELLED TO REVEAL HIS FILES IMPLICATING HIGH-RANKING ARGENTINE MILITARY OFFICERS IN CROOKED FINANCIAL SCHEMES INCLUDING THE FAMOUS SHIP SCANDAL INVOLVING ADMIRAN GNAVI AND OTHERS.

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